

APPENDIX RECIPROCAL COMPENSATION

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APPENDIX RECIPROCAL COMPENSATION
(Mutual Compensation for Transport, Termination, and Transiting)

1. INTRODUCTION

- 1.1 This Appendix sets forth terms and conditions for Reciprocal Compensation provided by TDS TELECOM and CLEC.

2. TRANSMISSION AND ROUTING OF TELEPHONE EXCHANGE SERVICE TRAFFIC RELEVANT TO COMPENSATION

- 2.1 For compensation purposes, the Telecommunications traffic exchanged between CLEC and TDS TELECOM will be classified as Local Traffic, , intraLATA Toll Traffic, or interLATA Toll Traffic.

2.1.1 "Local Traffic," for purposes of intercarrier compensation, is Telecommunications or IP-enabled voice traffic originated by a End User Customer of one Party in an exchange on that Party's network and terminated to a End User Customer of the other Party on that other Party's network located within the same exchange or other non-optional extended local calling area associated with the originating customer's exchange as defined by TDS TELECOM's applicable local exchange tariff. Local Traffic does not include: (1) any ISP-Bound Traffic; (2) traffic that does not originate and terminate within the same TDS TELECOM local calling area as such local calling area is defined by TDS TELECOM's applicable local exchange tariff; (3) Toll Traffic, including, but not limited to, calls originated on a 1+ presubscription basis, or on a casual dialed (10XXX/101XXXX) basis; (4) optional extended local calling area traffic; (5) special access, private line, Frame Relay, ATM, or any other traffic that is not switched by the terminating Party; or, (6) Tandem Transit Traffic.

2.1.2 "ISP-Bound Traffic" means traffic that originates from or is directed, either directly or indirectly, to or through an information service provider or Internet service provider (ISP) who is physically located in an exchange within the local calling area of the originating End User. Traffic originated from, directed to or through an ISP physically located outside the originating End User's local calling area will be considered toll traffic and subject to access charges.

2.1.3 "IP-Enabled Voice Traffic" means any IP-enabled, real-time, multi-directional voice call, including, but not limited to, service that mimics traditional telephony. IP-Enabled Voice Traffic includes:

- 2.1.3.1 Voice traffic originating on Internet Protocol Connection (IPC), and which terminates on the Public Switched Telephone Network (PSTN); and
 - 2.1.3.2 Voice traffic originated on the PSTN, and which terminates on IPC, and
 - 2.1.3.3 Voice traffic originating on the PSTN, which is transported through an IPC, and which ultimately, terminates on the PSTN.
- 2.2 Reciprocal compensation applies for transport and termination of Local Traffic terminated by either Party's switch. The Parties agree that the jurisdiction of a call is determined by its originating and terminating (end-to-end) points. When an End User originates a call which terminates to an End User physically located in the same local calling area and served on the other Party's switch, the originating Party shall compensate the terminating Party for the transport and termination of Local Traffic in accordance with Section 4 of this Appendix.
 - 2.2.1 If CLEC assigns NPA/NXXs to specific rate centers and assigns numbers from those NPA/NXXs to CLEC End-Users physically located outside of the rate center to which the NPA/NXX is assigned, TDS TELECOM traffic originating from within the rate center where the NPA/NXX is assigned and terminating to such End-Users at a location outside the TDS TELECOM originating rate center, shall not be deemed Local Traffic, and therefore, no compensation shall be due from TDS TELECOM to CLEC.
 - 2.2.2 Further, CLEC agrees to identify such traffic to TDS TELECOM and to compensate TDS TELECOM for originating and transporting such traffic to CLEC at TDS TELECOM's tariffed switched access rates. If CLEC does not identify such traffic, TDS TELECOM will, to the best of its ability, determine which whole CLEC NPA/NXXs have been so assigned and TDS TELECOM shall charge the applicable rates for originating access service as reflected in TDS TELECOM's applicable access tariff. TDS TELECOM shall make appropriate billing adjustments if CLEC can provide sufficient information for TDS TELECOM to determine the actual jurisdiction of the traffic.
- 2.3 Notwithstanding any other provision of the Agreement, Local Traffic does not include ISP-Bound Traffic. CLEC and TDS TELECOM agree to terminate each other's ISP-Bound Traffic on a Bill and Keep basis of reciprocal compensation. "Bill and Keep" shall mean that the originating Party has no obligation to pay terminating charges to the terminating Party, regardless of any charges the originating Party may assess its End Users.

- 2.4 When CLEC establishes service in a new area, the Parties' obligation for reciprocal compensation to each other shall commence on the date the Parties agree that the network is complete (i.e., each Party has established its originating trunks as well as any ancillary functions (e.g., 9-1-1)) and is capable of fully supporting originating and terminating End Users' (and not a Party's test) traffic. If there is no formal agreement as to the date of network completion, it shall be considered complete no later than the date that live traffic first passes through the network.
- 2.5 The compensation arrangements set forth in this Appendix are not applicable to (i) Exchange Access traffic, (ii) traffic originated by one Party on a number ported to its network that terminates to another number ported on that same Party's network (i.e. traffic which does not actually originate on the other Party's network) or (iii) any other type of traffic found to be exempt from reciprocal compensation by the FCC or the Commission. All Exchange Access traffic and intraLATA Toll Traffic shall continue to be governed by the terms and conditions of applicable federal and state access tariffs. Optional calling plans, where applicable, will be classified as toll traffic.
- 2.6 IP-Enabled Voice Traffic that originates and terminates within the same exchange or extended local calling area shall be subject to the Local Traffic compensation provisions herein, if all the signaling parameters are included with the traffic exchange. Calling Party Number ("CPN") and Jurisdictional Indicator Parameter ("JIP") of the originating IP-Enabled Voice Traffic shall indicate the geographical location of the actual IPC location, not the location where the call enters the PSTN.
- 2.7 Private Line Services include private line-like and special access services and are not subject to local reciprocal compensation. Private Line Services are defined as dedicated Telecommunications channels provided between two points or switched among multiple points and are used for voice, data, audio or video transmission. Private Line services include, but are not limited to, WATS access lines.
- 2.8 Except as provided otherwise in this Agreement, the Parties understand and agree that either Party, upon ten (10) days notice to the other Party, may block any traffic that is improperly routed by the other Party over any trunk groups and/or which is routed outside of the mutual agreement of the Parties. During the ten (10) day notice period, the Parties agree to meet in attempt to resolve any routing issues prior to blocking any traffic.
- 2.9 Neither Party shall be obligated to compensate the other Party or any Third Party for telecommunications traffic that is inappropriately routed.

3. RESPONSIBILITIES OF THE PARTIES

- 3.1 Each Party to this Appendix will be responsible for the accuracy and quality of its data as submitted to the respective Parties involved. It is the responsibility of each Party to originate and transmit complete and unaltered calling party number (CPN), as received by an originating party. Each Party is individually responsible to provide facilities within its network for routing, transporting, measuring, and billing traffic from the other Party's network and for delivering such traffic to the other Party's network as referenced in Telcordia Technologies BOC Notes on LEC Networks and to terminate the traffic it receives in that standard format to the proper address on its network. The Parties are each solely responsible for participation in and compliance with national network plans, including the Telecommunications Service Priority (TSP) System for National Security Emergency Preparedness (NSEP).
- 3.2 Each Party is responsible to input required data into Routing Data Base Systems (RDBS) and into Telcordia Technologies Rating Administrative Data Systems (example: BRADS) or other appropriate system(s) necessary to update the Local Exchange Routing Guide.
- 3.3 Neither Party shall use any Interconnection, function, facility, product, network element, or service provided under this Agreement or any other service related thereto or used in combination therewith in any manner that interferes with or impairs service over any facilities of either Party, its affiliated companies or other connecting telecommunications carriers, prevents any carrier from using its Telecommunication Service, impairs the quality or privacy of Telecommunications Service to other carriers or to either Party's End Users, causes hazards to either Party's personnel or the public, damage to either Party's or any connecting carrier's facilities or equipment, including any malfunction of ordering or billing systems or equipment. Upon such occurrence, either Party may discontinue or refuse service for so long as the other Party is violating this provision. Upon any such violation, either Party shall provide the other Party notice of the violation at the earliest practicable time.
- 3.4 Each Party is solely responsible for the services it provides to its End Users and to other Telecommunications Carriers.
- 3.5 Where SS7 connections exist, each Party will provide the other with the proper signaling information (e.g., originating Calling Party Number, JIP and destination called party number, etc.), to enable each Party to issue bills in a complete and timely fashion. All CCS signaling parameters will be provided including CPN, JIP, Originating Line Information Parameter (OLIP) on calls to 8XX telephone numbers, calling party category, Charge Number, etc. All privacy indicators will be honored.

4. LOCAL TRAFFIC COMPENSATION

- 4.1 The rates, terms, conditions contained herein apply only to the termination of Local Traffic on the Parties' networks. All applicable rate elements can be found in Appendix PRICING.
- 4.2 Based on the assumption that the Local Traffic exchanged by the Parties will be roughly balanced (i.e., neither Party is terminating more than sixty percent (60%) of the Parties' total terminated minutes for Local Traffic), the Parties shall initially terminate each other's Local Traffic on a Bill and Keep basis.
- 4.3 Either Party may request that a traffic study be performed no more frequently than twice per calendar year. Should such traffic study indicate, in the aggregate, that either Party is terminating more than sixty percent (60%) of the Parties' total terminated minutes for Local Traffic, either Party may notify the other of their intent to bill for Local Traffic termination. At such time, the Parties shall mutually agree upon and amend Appendix PRICING to incorporate rates for transport and termination of Local Traffic which shall be utilized for the duration of the Term of this Agreement unless otherwise agreed by the Parties. A minimum of ninety (90) days written notice is required prior to the first billing of mutual compensation. If at the end of the first eighteen (18) months, traffic has remained roughly balanced (neither Party is terminating more than sixty percent (60%) of the Parties' total terminated minutes for Local Traffic), then requests for a traffic study shall be limited to once per calendar year for the remaining duration of this Agreement.
- 4.4 End Office Termination Rate
- 4.4.1 The End Office Termination rate applies to Local Traffic that is delivered to the Parties for termination at an End Office Switch. This includes direct-routed Local Traffic that terminates to offices that have combined Tandem Office Switch and End Office Switch functions.

5. BILLING FOR MUTUAL COMPENSATION

- 5.1 Direct Interconnection
- 5.1.1 Where the Parties utilize Direct Interconnection for the exchange of traffic between their respective networks, each Party will calculate terminating interconnection minutes of use based on standard Automatic Message Accounting (AMA) recordings made within each Party's network. These recordings are the basis for each Party to generate bills to the other Party. For purposes of reciprocal compensation only, measurement of minutes of use over Local Interconnection Trunk Groups shall be in actual conversation seconds. The total conversation seconds over each individual

Local Interconnection Trunk Group will be totaled for the entire monthly bill and then rounded to the next whole minute.

- 5.1.2 Where SS7 connections exist between TDS TELECOM and CLEC, if either Party fails to provide CPN (valid originating information) or JIP on at least ninety-five percent (95%) of total traffic, then traffic sent to the other Party without CPN or JIP (valid originating information) will be handled in the following manner.
- 5.1.3 The remaining five percent (5%) of unidentified traffic will be treated as having the same jurisdictional ratio as the ninety-five (95%) of identified traffic.
- 5.1.4 If the unidentified traffic exceeds five percent (5%) of the total traffic, all the unidentified traffic shall be billed at a rate equal to access charges.
- 5.1.5 The originating Party will provide to the other Party, upon request, information to demonstrate that Party's portion of no-CPN or JIP traffic does not exceed five percent (5%) of the total traffic delivered.
- 5.1.6 The Parties will coordinate and exchange data as necessary to determine the cause of the CPN or JIP failure and to assist its correction.

5.2 Indirect Interconnection

- 5.2.1 For any overflow traffic exchanged between the Parties via third party tandems, each Party shall utilize records provided by the tandem operator to invoice for traffic terminating on its network. The Parties agree to accept the billing records from the tandem operator as representative of the traffic exchanged between the Parties.
- 5.2.2 To calculate intrastate toll access charges, each Party shall provide to the other, within twenty (20) calendar days after the end of each quarter (commencing with the first full quarter after the effective date of this Agreement), a PLU (Percent Local Usage) factor. Each company should calculate the PLU factor on a LATA basis using their originating IntraLATA minutes of use. The Parties shall provide a separate PLU for each TDS TELECOM operating company covered under this Agreement. The percentage of originating Local Traffic plus ISP-Bound Traffic to total intrastate (Local Traffic, ISP-Bound Traffic, and intraLATA toll) originating traffic would represent the PLU factor.

- 5.3 Audits of usage associated with Reciprocal Compensation shall be performed as specified in § 38 of the General Terms and Conditions of this Agreement.

- 5.4 The Parties shall be governed by applicable state and federal rules, practices, and procedures regarding the provision and recording of billing records. Neither Party shall bill for records older than one hundred eighty (180) days.